

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**BOND FINANCING PROGRAM**  
**Meeting Date: September 16, 2014**  
*Request for Initial Resolution*

Prepared by: *Andrea Gonzalez*

<b>Applicant:</b>	GreenWaste Recovery, Inc.	<b>Amount Requested:</b>	\$33,160,000
		<b>Application No.:</b>	876
<b>Project Location:</b>	City of San Jose (Santa Clara County), City of Marina (Monterey County), Watsonville (Santa Cruz County)	<b>Initial Resolution No.:</b>	14-04

**Summary.** GreenWaste Recovery, Inc. and/or its Affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$33,160,000. GreenWaste will use note proceeds to finance the construction of improvements to two existing buildings and the acquisition and installation of equipment such as CNG powered collection vehicles, bins, carts and other related equipment for the collection, processing and transfer of solid waste. The Company anticipates that the project will provide waste diversion, air quality, water quality and recycling benefits.

**Borrower.** GreenWaste Recovery Inc. was incorporated in San Jose in May 1991. Affiliated companies include Zanker Road Resource Management, Ltd., of which Z-Best Composting is a division, GreenWaste of Palo Alto and Zero Waste Energy Development Company, LLC. The Company provides residential and commercial collection of garbage, recyclables and yard trimmings as well as street sweeping and debris box services. The Company also operates several facilities, including material recovery facilities (MRFs) and transfer stations in the San Jose area.

The principal stockholders of the Company are as follows:

Richard A. Cristina & Diane L. Cristina, Trustees	19.79%
Murray B. Hall, Trustee	17.29%
Frank C. Weigel, Trustee	10.42%
Juan & Cindy Pena, Trustees	10.42%
Eric A. Bracher & Vivian M. Bracher, Trustees	8.54%
William H. Giannini & Linda D. Gianni, Trustees	4.79%
Gene P. Carter & Patricia J. Carter, Trustees	4.17%
Gary V. Giannini & Susan M. Gianni, Trustees	4.17%
Patricia L. Sheehan, Trustee	4.17%
Herbert Sweatt, Trustee	4.17%
Various (less than 3% each)	12.07%
<b>Total:</b>	<b><u>100.00%</u></b>

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**Legal Questionnaire.** The Staff has reviewed the Company's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed in the Legal Status portion of the Application that raises questions concerning the financial viability or legal integrity of this applicant.

**Project Description.** The Company has recently been awarded contracts for waste collection and recycling for several Monterey peninsula cities. The Company anticipates leasing property for a corporate yard from the Monterey Regional Waste Management District located in the City of Marina. The Monterey Regional Waste Management District will provide a CNG fueling system and will build a facility for maintenance and operations. The Company anticipates purchasing equipment, including but not limited to CNG powered vehicles, bins, carts and dumpsters.

In 2008, the Company utilized bond proceeds issued by CPCFA to purchase and install sorting equipment to sort curbside recyclables and municipal solid waste and to construct a building located in San Jose to process yard waste and debris box materials. Since 2008 there have been various technological improvements in sorting equipment and the Company has acquired contracts that require additional sorting capacity. The Company plans to purchase and install the latest state of the art sorting equipment, and finance construction improvements to be made at its existing building located in the City of San Jose.

**Volume Cap Allocation.** The Company anticipates applying to the Authority for volume cap allocation in October of 2014.

**Financing Details.** The Company anticipates a private placement of the tax-exempt notes with a qualified institutional buyer.

### **Financing Team.**

**Note Counsel:** Law Offices of Leslie M. Lava  
**Issuer's Counsel:** Office of the Attorney General

**Staff Recommendation.** Staff recommends approval of Initial Resolution No. 14-04 for GreenWaste Recovery, Inc. and/or its Affiliates for an amount not to exceed \$33,160,000.

*Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and note financing of the proposed Project.*

**RESOLUTION OF OFFICIAL INTENT TO ISSUE NOTES TO  
FINANCE SOLID WASTE DISPOSAL/RECYCLING FACILITIES FOR  
GREENWASTE RECOVERY, INC.**

**September 16, 2014**

**WHEREAS**, the California Pollution Control Financing Authority (“Authority”), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (“Act”) to issue bonds or notes (the “Notes”) for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including solid waste disposal recovery and recycling facilities; and

**WHEREAS**, GreenWaste Recovery, Inc., a California corporation (“Applicant”), has requested that the Authority assist in financing solid waste disposal/recycling facilities to be owned and operated by the Applicant (“Company”), which are expected to be comprised of the construction of improvements to two existing buildings to be used for solid waste disposal operations, and the acquisition and installation, if any, of equipment for the collection, processing and transfer of solid waste, including compressed natural gas waste collection vehicles, maintenance, sorting and office equipment, drop boxes, bins, carts and/or containers, and other equipment functionally related thereto (collectively, “Facilities”), and has presented an estimate of the maximum cost of such Facilities as shown in Exhibit “A” attached hereto; and

**WHEREAS**, the Authority desires to encourage the Company to provide solid waste disposal/recycling facilities which will serve the public of the State; and

**WHEREAS**, the Authority deems it necessary and advisable to further the purposes of the Act that the Facilities be acquired at the earliest practicable date, but the Company requires satisfactory assurances from the Authority that the proceeds of the sale of Notes of the Authority will be made available to finance such Facilities; and

**WHEREAS**, the Company expects to incur or pay from its own funds certain expenditures in connection with the Facilities prior to the issuance of indebtedness for the purpose of financing costs associated with the Facilities on a long-term basis; and

**WHEREAS**, subject to meeting all the conditions set forth in this resolution the Authority reasonably expects that debt obligations in an amount not expected to exceed \$33,160,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Company for its prior expenditures for the Facilities; and

**WHEREAS**, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Facilities with proceeds of a subsequent borrowing;

**NOW, THEREFORE, BE IT RESOLVED** by the California Pollution Control Financing Authority as follows:

**Section 1.** The Authority finds and determines that the foregoing recitals are true and correct.

**Section 2.** The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$33,160,000 principal amount of Notes of the Authority for the Facilities; including for the purpose of reimbursing to the Company costs incurred for the Facilities prior to the issuance of the Notes.

**Section 3.** The Notes will be payable solely from the revenues to be received by the Authority pursuant to a loan agreement or other agreements to be entered into between the Authority and the Company in connection with the Facilities. Each Note shall contain a statement to the following effect:

“Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof or any local agency is pledged to the payment of the principal of, premium, if any, or any interest on this Note.”

**Section 4.** The Notes shall be issued subject to the conditions that (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the Notes and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the proceeds thereof to the Company; (ii) all requisite governmental approvals shall have first been obtained; (iii) a Final Resolution shall have been received from the Authority; and (iv) an allocation shall have been received from the California Debt Limit Allocation Committee.

**Section 5.** The Executive Director of the Authority is hereby directed to indicate the willingness of the Authority to proceed with and effect such financing in order to assist the Company by defraying the cost of the Facilities, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and meeting all other requirements of the Authority.

**Section 6.** It is intended that this Resolution shall constitute “some other similar official action” towards the issuance of Notes within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and “official intent” within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended. It is also intended that this statement of “official action” or “official intent” by the Authority shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.

**Section 7.** This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, subject to Section 6, this Resolution shall cease to be effective on September 16, 2017 unless prior thereto the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution, which it will do only after receiving a specific request for such action from the Company, accompanied by an

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explanation of the status of the project and any additional information requested by the Authority to supplement the Company's application.

**EXHIBIT A**

<b>NUMBER:</b>	14-04
<b>LOCATIONS:</b>	14201 Del Monte Blvd. Marina, California 93933  375 Industrial Road Watsonville, California 95076  575 and 625 Charles Street San Jose, California 95112
<b>TYPE:</b>	Solid Waste Disposal/Recycling
<b>AMOUNT:</b>	Up to \$33,160,000